

TEACHERS' RETIREMENT BOARD

INVESTMENT COMMITTEE

SUBJECT: Alternative Investments
Activity Status Report

ITEM NUMBER: 11

ATTACHMENT(S): 2

ACTION: _____

DATE OF MEETING: July 8, 1998

INFORMATION: X

PRESENTER(S): Mr. Desrochers

The table below contains Alternative Investment activity for the month of May 1998 and historical information for selected time periods.

	Month Ended 5/31/98	Fiscal Year To Date	Past One Year	Past Three Years	Inception To Date
Commitments:					
Partnerships	60,000,000	1,104,479,000	1,404,479,000	2,574,536,000	3,955,802,202
Co-Investments	0	0	0	47,000,000	47,000,000
Contributions:					
Partnerships	42,877,151	503,073,740	544,299,262	1,163,121,707	1,903,455,849
Co-Investments	0	0	0	47,000,000	47,000,000
Distributions:					
Cash	45,162,145	338,697,945	346,928,477	747,838,206	905,578,803
Stock	1,743,194	125,331,527	127,005,539	313,072,625	392,807,690
Stock Sales		106,825,721	114,172,626	262,268,169	324,221,559

In June 1998 a \$300 million commitment was approved to Welsh, Carson, Anderson & Stowe VIII, and a \$40 million commitment to Alta Communications VII. Both investments are subject to negotiation of acceptable terms and legal review

Attachment 1 contains a summary of partnership commitments and capital accounts from the inception of the Alternative Investment program through May 31, 1998.

Attachment 2 contains an executive summary of action taken under delegation of authority.

STRS ALTERNATIVE INVESTMENTS										
PARTNERSHIP COMMITMENTS AND CAPITAL SUMMARIES										
MAY 1998										
	Partnerships	Type	Date STRS	Closing	Fund	STRS	Amount	Returned	Net Invested	Income &
			Approved	Date	Size	Commitment	Funded	Capital	Capital	Gain
1	Alpine Technology Partners	VC	Sep-94	Dec-8-94	60,000,000	60,000,000	34,000,000	0	34,000,000	0
2	Alta V	VC	Apr-92	May-27-92	159,470,000	20,000,000	20,000,000	6,269,040	13,730,960	23,187,917
3	Alta Communications VI	VC	Apr-96	May-09-96	161,200,000	20,000,000	14,500,000	0	14,500,000	0
4	Austin Ventures V	VC	Jan-97	Jan-16-97	170,000,000	15,000,000	4,588,236	0	4,588,236	0
5	Bank Fund III	SS	Jan-93	Jan-22-93	125,000,000	10,000,000	10,000,000	0	10,000,000	4,495,665
6	BCI Growth III	SS	Feb-90	Mar-30-90	135,500,000	15,000,000	15,000,000	11,026,222	3,973,778	10,696,456
7	BCI Growth IV	SS	Mar-95	Oct-25-95	175,253,000	25,000,000	16,004,158	513,540	13,260,690	802,362
8	Blackstone Capital Partners II	LBO	Oct-93	Nov-03-93	1,271,400,000	75,000,000	63,069,452	17,162,316	45,907,136	31,541,795
9	Blackstone Capital Partners III	LBO	Jun-97	Jun-27-97	3,750,000,000	300,000,000	42,392,765	0	42,392,765	14,566
10	Boston Ventures IIIA	SS	Apr-89	Apr-27-89	326,900,000	35,598,029	35,598,029	30,244,319	5,353,710	35,670,511
11	Boston Ventures IVA	SS	Oct-92	Nov-10-92	515,000,000	55,312,500	49,228,125	34,405,455	14,822,670	38,802,945
12	Boston Ventures V	SS	May-96	Sep-30-96	808,080,000	90,000,000	25,216,981	0	25,216,981	0
13	Candover 1994 Fund	LBO	Mar-94	May-18-94	490,000,000	30,000,000	22,991,969	5,693,307	17,298,662	14,184,023
14	Candover 1997 Fund	LBO	Nov-97	Dec-10-97	1,411,000,000	139,440,000	16,891,327	0	16,891,327	0
15	Charterhouse Equity Partners	LBO	Jul-89	Jul-27-89	264,900,000	27,160,000	28,160,105	12,234,999	15,925,106	32,329,660
16	Charterhouse Equity Partners II	LBO	Jun-93	Dec-17-93	291,250,000	40,000,000	38,085,976	5,582,757	32,503,219	19,753,675
17	Cornerstone Equity Investor IV	VC	Nov-96	Dec-6-96	550,000,000	40,000,000	12,400,000	0	12,400,000	0
18	Corporate Partners	SS	Apr-88	Jun-24-88	1,396,000,000	88,120,726	88,242,662	61,905,628	26,337,034	68,186,868
19	CVC European Equity Partners	LBO	Nov-95	Feb-27-96	840,000,000	40,000,000	39,883,355	2,321,909	37,561,446	2,460,362
20	CVC European Equity Partners II	LBO	Apr-98	Jun-03-98	1,915,000,000	300,000,000	0	0	0	0
21	Domain Partners III	VC	Jan-95	Feb-24-95	125,000,000	10,000,000	7,400,000	298,349	7,101,651	721,766
22	ECI 5	LBO	Nov-94	Apr-27-95	128,000,000	16,000,000	14,200,467	307,395	13,893,072	3,806,168
23	First Reserve Fund VI	SS	Jan-92	Jan-29-92	184,184,000	25,000,000	25,000,000	3,208,528	21,791,472	4,814,483
24	First Reserve Fund VII	SS	Jan-97	Feb-21-97	243,900,000	25,000,000	12,758,399	160,696	12,597,703	3,280
25	First Reserve Fund VIII	SS	Apr-98	Apr-16-98	800,000,000	100,000,000	3,198,361	0	3,198,361	0
26	FS Equity Partners III	LBO	Mar-93	Aug-26-93	559,800,000	60,000,000	59,040,413	17,925,583	41,114,830	23,787,101
27	FS Equity Partners IV	LBO	Oct-97	Dec-31-97	915,000,000	87,500,000	12,226,220	0	12,226,220	0
28	Golder, Thoma, Cressey III	SS	Dec-91	Dec-12-91	235,000,000	4,633,908	4,633,908	2,174,515	2,459,393	15,900,527
29	Golder, Thoma, Cressey IV	SS	Mar-93	Apr-06-93	310,000,000	35,000,000	33,250,000	9,077,434	24,172,566	22,334,027
30	Golder, Thoma, Cressey V	SS	Jul-96	Jul-26-96	521,000,000	40,000,000	26,000,000	0	26,000,000	0
31	InnoCal Fund	VC	Jan-93	Apr-1-93	75,800,000	75,000,000	51,200,000	5,251,833	45,948,167	6,957,352
32	InterWest Partners IV	VC	May-89	Jun-16-89	110,000,000	10,000,000	10,000,000	2,660,972	7,339,028	10,838,026
33	InterWest Partners V	VC	Apr-93	Jun-17-93	175,000,000	15,000,000	15,000,000	928,104	14,071,896	42,563,797
34	InterWest Partners VI	VC	Jun-96	Jun-27-96	175,000,000	15,000,000	6,900,000	0	6,900,000	0
35	Kelso Investment Advisors V	LBO	Jan-93	Dec-23-93	710,000,000	50,000,000	45,246,444	1,841,131	43,405,313	6,756,810
36	Kelso Investment Advisors VI	LBO	Feb-98	Mar-98	1,500,000,000	150,000,000	0	0	0	0
37	KKR 1996 Fund	LBO	Oct-96	Dec-20-96	6,012,000,000	300,000,000	97,005,979	0	97,005,979	197,966

STRS ALTERNATIVE INVESTMENTS										
PARTNERSHIP COMMITMENTS AND CAPITAL SUMMARIES										
MAY 1998										
	Partnerships	Type	Date STRS Approved	Closing Date	Fund Size	STRS Commitment	Amount Funded	Returned Capital	Net Invested Capital	Income & Gain
38	Madison Dearborn	SS	Jun-92	Dec-18-92	550,000,000	50,000,000	48,067,446	8,213,293	39,854,153	25,149,674
39	Madison Dearborn II	SS	Apr-96	Jun-27-96	925,000,000	60,000,000	18,547,341	0	18,547,341	0
40	Marlborough Capital	SS	Mar-91	Feb-04-91	70,700,000	10,000,000	9,873,150	4,661,204	5,211,946	3,453,906
41	Mayfield VII	VC	Nov-92	Dec-28-92	165,000,000	10,000,000	10,000,000	1,833,147	8,166,853	5,512,849
42	Media/Communications II	SS	Apr-90	Dec-20-90	167,000,000	30,000,000	30,000,000	16,052,590	13,947,410	27,684,880
43	Media/Communications III	SS	Dec-96	Dec-24-96	265,000,000	30,000,000	11,281,716	0	11,281,716	0
44	Mezzanine Lending Assoc III	SS	Feb-89	Mar-08-89	500,000,000	50,000,000	31,828,571	15,690,290	16,138,281	29,620,269
45	NEA V	VC	Mar-90	May-29-90	200,000,000	25,000,000	25,000,000	10,399,370	14,600,630	53,215,965
46	NEA VI	VC	Oct-93	Dec-22-93	230,000,000	35,000,000	35,000,000	4,428,940	30,571,060	18,926,950
47	NEA VII	VC	Nov-96	Nov-19-96	265,000,000	40,000,000	22,000,000	542,594	21,457,406	551,828
48	OCM Opportunities Fund II	SS	Sep-97	Oct-31-97	1,500,521,000	25,000,000	7,500,822	0	7,500,822	63,014
49	Penman Fund	LBO	May-93	Oct-05-94	88,700,000	10,000,000	5,113,963	550,282	4,563,681	170,803
50	Phildrew Ventures IV	LBO	Sep-95	Nov-13-95	257,000,000	20,000,000	13,109,883	1,491,794	11,618,089	756,241
51	Stonington Capital Appreciation	LBO	Sep-94	Dec-15-94	992,000,000	85,000,000	52,904,401	0	52,904,401	96,280
52	Summit Subordinated Debt Fund	SS	Feb-94	Mar-14-94	335,000,000	10,000,000	9,000,000	7,783,123	1,216,877	2,048,920
53	Summit Subordinated Debt Fund II	SS	Jan-97	Jan-31-97	141,400,000	20,000,000	6,000,000	140,567	5,859,433	229,396
54	Summit Ventures III	VC	Jan-92	Jan-23-92	279,200,000	15,000,000	13,500,000	9,893,431	3,606,569	27,509,818
55	Summit Ventures IV	VC	Jul-95	Jul-31-95	610,000,000	30,000,000	27,000,000	4,702,578	22,297,422	10,129,553
56	Summit Ventures V	VC	Feb-98	Feb-13-98	1,000,000,000	45,000,000	2,250,000	0	2,250,000	758
57	Syndicated Communications II	SS	Nov-89	Nov-01-90	35,000,000	7,037,039	7,037,039	1,685,311	5,351,728	484,774
58	TA/Advent VIII	VC	Oct-96	Nov-4-96	800,000,000	10,000,000	2,500,000	0	2,500,000	5,229
59	Thoma Cressey VI	SS	May-98	May-19-98	450,000,000	60,000,000	0	0	0	0
60	Thomas H. Lee Equity Fund III	LBO	Oct-95	Dec-28-95	1,345,000,000	100,000,000	68,194,763	25,130,388	43,064,375	22,984,666
61	Thomas H. Lee Equity Fund IV	LBO	Jan-98	Feb-09-98	3,450,000,000	150,000,000	5,315,618	0	5,315,618	1,499
62	Warburg, Pincus Investors	SS	Jun-89	Sep-27-89	1,775,000,000	100,000,000	100,000,000	75,451,890	24,548,110	30,339,699
63	Warburg, Pincus Ventures	SS	Jul-94	Nov-04-94	2,022,000,000	110,000,000	99,000,000	8,344,380	90,655,620	7,046,373
64	WCAS Debt II	SS	Sep-90	Oct 03-90	354,000,000	30,000,000	30,000,000	4,937,415	25,062,585	21,272,273
65	WCAS Debt III	SS	May-97	May-30-97	1,279,000,000	100,000,000	20,000,000	0	20,000,000	572,681
66	WCAS V	LBO	Dec-88	Jan-27-89	371,363,636	30,000,000	30,000,000	13,855,791	16,144,209	78,319,756
67	WCAS VI	LBO	Apr-93	May-12-93	604,000,000	50,000,000	50,000,040	7,273,778	42,726,262	20,114,249
68	WCAS VII	LBO	Sep-95	Oct-06-95	1,425,000,000	150,000,000	97,500,000	0	97,500,000	0
69	Whitney 1990	SS	Nov-90	Mar-28-91	136,400,000	15,000,000	16,617,765	7,287,848	9,329,917	21,202,414
					\$50,183,921,636	\$3,955,802,202	\$1,903,455,849	\$461,544,036	\$1,439,681,885	\$828,272,825
Co-Investments										
1	Bridge Financial Info. - WCAS VII	CI	Jul-96			30,000,000	30,000,000	0	30,000,000	0
2	Hines Holding - Madison Dearborn II	CI	Nov-96			17,000,000	17,000,000	0	17,000,000	0

Alternative Investments

EXECUTIVE SUMMARY OF ACTION TAKEN UNDER DELEGATION OF AUTHORITY WCAS VIII, L.P.

Action: Increase STRS' commitment to WCAS VIII, L.P. from \$250 million to \$300 million.

Background: At the June 1998 Investment Committee meeting, the Committee approved a recommendation from Staff and consultant to commit up to \$250 million to WCAS VIII, L.P. subject to successful completion of negotiation of terms and legal review.

Analysis: WCAS VIII qualifies as a follow-on fund as identified in the Alternative Investment Policies.

The investment thesis is based on the long-term experience of the management team, its high quality of deal flow, and the long-term successful track record of the firm.

The General Partners have offered STRS an opportunity to increase its commitment by \$50 million.

Staff and consultant concur that there are no substantial changes to the components of the investment and that STRS should increase its capital commitment to \$300 million in WCAS VIII, subject to successful completion of negotiation of terms and legal review.

Approval:

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Real Desrochers, Director of Alternative Investments	Date
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Patrick Mitchell, Chief Investment Officer	Date